

**WJCC School Closure Extended Learning**  
**Economics and Personal Finance**

Dear WJCC Families,

This packet contains activities, resources and information to extend learning for your child during this extended school closure.

Additional resources may be posted on Student VUE for this course and other classes on your child's schedule. Students are encouraged to check Student VUE during this time.

Thank you for your partnership and support of WJCC Schools.

Sincerely,  
WJCC Staff

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**Economics & Personal Finance**

**WISE Financial Literacy Test Study Guide**

**Section 1: Money**

1. How do each of the following methods work as a substitute for cash to pay for things?

Debit Card	
Prepaid Card	
Credit Card	
Check	
Cashier Check	

2. Why do you file income tax returns with the IRS on a yearly basis?
3. How does a progressive income tax system work?
4. What is the difference between your gross income and your net income?
5. What is "fiat money," and why is the U.S. Dollar considered fiat currency?

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6. What is inflation, and why is it so important to invest your money?

### **Section 2: Budgeting**

7. What is the purpose of a budget?

8. What is the difference between fixed expenses and variable expenses?

9. What is the difference between a budget surplus, budget deficit, and balanced budget?

### **Section 3: The Cost of Money**

10. What is interest? When can interest be good for you, and when can it be bad for you?

11. What is the Rule of 72, in reference to savings?

12. What does it mean to “pay yourself first?”

13. Define what is a “principal” (in reference to savings)

14. Explain the difference between simple interest and compounding interest.

15. Define what is opportunity cost, and how does it apply in your life?

16.

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**Part 4: Banking**

- 17. Define “liquidity” of savings accounts.
  
- 18. Explain the differences between a simple savings account, money market savings account, and certificate of deposit (CD)?
  
- 19. What role does the FDIC play in insuring your money in a bank?
  
- 20. What is the difference between a bank and a credit union, and what are some of the benefits of a credit union?
  
- 21. What does it mean to “overdraft” or to write a “bounced” check?
  
- 22. What is the purpose of a check register?

**Section 5: Credit**

- 23. What is the principal of a loan?
  
- 24. What is the term of a loan?
  
- 25. Explain how the following sources of credit work:

Type of Credit	How it Works
Credit Cards	
Cash Advances	

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Student Loans	
Mortgages	
Car Loans	
Payday Loans	

26. How does placing a down payment on a loan affect the loan payments?

27. What is the difference between a secured and an unsecured loan?

28. What is the downside to taking a longer term on a loan?

29. How does your FICO credit score affect the interest rate you can get on a loan?

30. How do each of the types of bankruptcy work?

Type of Bankruptcy	How it Works
Chapter 7	
Chapter 13	

31. What are the three main credit reporting agencies in the United States?

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**Section 6: Insurance**

32. What is a premium?

33. What is a deductible?

34. What is the difference between a HMO and a PPO health insurance policy?

35. What is the difference between term life and whole life insurance?

36. What is the difference between a life insurance policy and leaving a will/inheritance to someone?

37. How does renter's insurance work?

38. How do each of the following forms of auto insurance work?

Liability Insurance	
Collision Insurance	
Comprehensive Insurance	

**Part 7: Investing**

39. What is the main difference between stocks and bonds?
40. What is a security? (in the sense of personal finance)
41. What is the difference between a “bull market” and a “bear market”?
42. Why do stocks have the potential for such great returns?
43. How do dividends with a stock work?

44. Explain the differences with these different types of stock classifications:

Blue Chip Stock	
Growth Stock	
Income Stock	

45. What is a mutual fund, and why do most new investors choose them over individual stocks?
46. What is the difference between a mutual fund and an exchange-traded fund?
47. Why is it important to diversify your investment portfolio? What does it mean to “not put all your eggs in one basket?”

**Section 8: Money Management & Financial Planning**

48. What is the formula for determining someone's net worth?

49. Discuss the pro's and con's of renting vs. owning your home

	<b>Pro's</b>	<b>Con's</b>
<b>Renting</b>		
<b>Owning</b>		

50. Explain different forms of retirement income.

Social Security	
Pension	
401(k)	
Traditional Individual Retirement Account (IRA)	
Roth Individual Retirement Account (IRA)	

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**Section 9: Government Regulatory Agencies**

51. Explain the role that each of the following play in the United States financial system:

The Federal Reserve (The Fed)	
The Internal Revenue Service (IRS)	
The Federal Deposit Insurance Corporation (FDIC)	
The Consumer Financial Protection Bureau (CFPB)	
The Securities Exchange Commission (SEC)	